

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE	)	
COMMISSION OF THE APPLICATION OF THE	)	
FUEL ADJUSTMENT CLAUSE OF AMERICAN	)	CASE NO. 2002-00431
ELECTRIC POWER COMPANY FROM	)	
NOVEMBER 1, 2000 TO OCTOBER 31, 2002	)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 13, 2002 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of American Electric Power Company ("AEP") for the 2 years ended October 31, 2002, and to determine the amount of fuel cost that should be transferred (rolled-in) to its base rates to reestablish its FAC charge.

In establishing this review, the Commission ordered AEP to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. AEP submitted this information on January 13, 2003 and filed supplemental information in response to a Commission staff data request on February 7, 2003. Kentucky Industrial Utility Customers, Inc. was the sole intervenor in this proceeding. A public hearing was held on February 18, 2003.

AEP proposed that the month of August 2002 be used by the Commission as the base period (test month) for the purpose of arriving at the base fuel cost [F(b)] and the KWH sales [S(b)] components of its FAC. It further proposed that its base fuel cost be changed to 12.00 mills per KWH, the fuel cost for the proposed base period. AEP's current base fuel cost is 11.45 mills per KWH.

In establishing the appropriate level of base fuel cost to be included in AEP's rates, the Commission must determine whether the proposed base period cost per KWH is representative of the level of fuel cost currently being experienced by AEP. The Commission's review of generation mix, generation unit outages, and generation unit availability discloses that the month of August 2002 is a reasonably representative generation month of AEP. The analysis of AEP's monthly fuel clause filings showed that the actual fuel cost incurred for the 2-year review period ranged from a low of 10.12 mills per KWH in April 2002 to a high of 13.07 mills per KWH in October 2001, with an average cost for the period of 11.00 mills per KWH. Based upon this review, the Commission finds that AEP has complied with Commission Regulation 807 KAR 5:056 and that the proposed base period fuel cost of 12.00 mills per KWH should be approved.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. AEP has complied with the provisions of 807 KAR 5:056.
2. The test month of August 2002 should be used as AEP's base period for this review.
3. AEP's proposed base period fuel cost of 12.00 mills per KWH should be approved.
4. The establishment of a base fuel cost of 12.00 mills per KWH requires a transfer (roll-in) of .55 mills per KWH from the FAC rate to AEP's base rates and can best be accomplished by a uniform increase in all energy rates.

5. The rates in Appendix A, attached hereto and incorporated herein, are designed to reflect the transfer (roll-in) to base rates of the differential between the old base fuel cost of 11.45 mills and the new base fuel cost of 12.00 mills per KWH.

6. The rates in Appendix A are fair, just and reasonable and should be approved for service rendered on and after May 1, 2003.

7. For service provided on or after May 1, 2003, AEP should use an FAC rate based on a base fuel cost of 12.00 mills per KWH.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by AEP through the FAC for the period November 1, 2000 to October 31, 2002 are approved.

2. AEP's proposed base fuel cost of 12.00 mills per KWH is approved.

3. The rates in Appendix A are approved for service rendered on and after May 1, 2003.

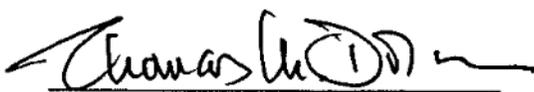
4. For service provided on or after May 1, 2003, AEP shall use an FAC rate based on a base fuel cost of 12.00 mills per KWH.

5. Within 20 days of the date of this Order, AEP shall file with the Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 23<sup>rd</sup> day of April, 2003.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2002-00431 DATED April 23, 2003

The following rates and charges are prescribed for the customers in the area served by American Electric Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

TARIFF R.S.  
RESIDENTIAL SERVICE

Energy Charge:

First 500 KWH per month per KWH	\$ .05047
All over 500 KWH per month per KWH	\$ .04315

TARIFF R.S.  
RESIDENTIAL SERVICE  
STORAGE WATER HEATING PROVISION

Tariff Code:

012 per KWH	\$ .01945
013 per KWH	\$ .01945
014 per KWH	\$ .01945

TARIFF R.S.  
RESIDENTIAL SERVICE  
LOAD MANAGEMENT WATER HEATING PROVISION

Tariff Code:

011 per KWH	\$ .01945
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TARIFF R.S.-L.M.-T.O.D.  
RESIDENTIAL SERVICE LOAD MANAGEMENT TIME OF DAY

Energy Charge:

All KWH used during on-peak billing period	\$ .07379
All KWH used during off-peak billing period	\$ .01945

EXPERIMENTAL TARIFF R.S.-T.O.D.  
RESIDENTIAL SERVICE TIME OF DAY

Energy Charge:	
All KWH used during on-peak billing period	\$ .07379
All KWH used during off-peak billing period	\$ .01945

S.G.S.  
SMALL GENERAL SERVICE

Energy Charge: (Tariff Code 211,212)	
First 500 KWH per month	\$ .06307
All over 500 KWH per month	\$ .03663

S.G.S.  
SMALL GENERAL SERVICE

Energy Charge: (Tariff Code 225,226)	
All KWH used during on-peak billing period	\$ .09082
All over 500 KWH per month	\$ .02054

S.G.S.  
SMALL GENERAL SERVICE  
OPTIONAL UNMETERED SERVICE PROVISION

Energy Charge: (Tariff Code 204 (Mtrd), 213 (Umr))	
First 500 KWH per month	\$ .06307
All over 500 KWH per month	\$ .03663

M.G.S.  
MEDIUM GENERAL SERVICE

Energy Charge:	
Secondary Service Voltage: (Tariff Code 215,216,218)	
KWH equal to 200 times KW of monthly billing demand	\$ .05285
KWH in excess of 200 times KW of monthly billing demand	\$ .04317
Primary Service Voltage: (Tariff Code 217,220)	
KWH equal to 200 times KW of monthly billing demand	\$ .04728
KWH in excess of 200 times KW of monthly billing demand	\$ .04070
Subtransmission Service Voltage: (Tariff Code 236)	
KWH equal to 200 times KW of monthly billing demand	\$ .04252
KWH in excess of 200 times KW of monthly billing demand	\$ .03900

M.G.S.  
MEDIUM GENERAL SERVICE  
RECREATIONAL LIGHTING SERVICE PROVISION

Energy Charge per KWH: (Tariff Code 214) \$ .05303

M.G.S.  
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Energy Charge: (Tariff Code 223,224)  
All KWH used during on-peak billing period \$ .08155  
All KWH used during off-peak billing period \$ .02608

EXPERIMENTAL TARIFF M.G.S.-T.O.D.  
MEDIUM GENERAL SERVICE TIME-OF-DAY PROVISION

Energy Charge: (Tariff Code 229,230)  
All KWH used during on-peak billing period \$ .08155  
All KWH used during off-peak billing period \$ .02608

L.G.S.  
LARGE GENERAL SERVICE

Energy Charge per KWH:  
Secondary Service Voltage (Tariff Code 240,242) \$ .03627  
Primary Service Voltage (Tariff Code 244,246) \$ .02968  
Subtransmission Service Voltage (Tariff Code 248) \$ .02439

L.G.S.  
LARGE GENERAL SERVICE  
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Energy Charge per KWH: (Tariff Code 251)  
All KWH used during on-peak billing period \$ .06775  
All KWH used during off-peak billing period \$ .01963

TARIFF Q.P.  
QUANTITY POWER

Energy Charge per KWH:  
Primary Service Voltage: (Tariff Code 358) \$ .01275  
Subtransmission Service Voltage: (Tariff Code 359) \$ .01226  
Transmission Service Voltage: (Tariff Code 360) \$ .01210

TARIFF C.I.P.-T.O.D.  
COMMERCIAL AND INDUSTRIAL POWER-T.O.D.

Energy Charge per KWH:

Primary Service Voltage: (Tariff Code 370)	\$ .01275
Subtransmission Service Voltage: (Tariff Code 371)	\$ .01226
Transmission Service Voltage: (Tariff Code 372)	\$ .01210

TARIFF M.W.  
MUNICIPAL WATERWORKS

Energy Charge per KWH (Tariff Code 540)	\$ .04207
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TARIFF O.L.  
OUTDOOR LIGHTING

OVERHEAD LIGHTING SERVICE

High Pressure Sodium per Lamp:

100 Watts (9,500 Lumens) (Tariff Code 094)	\$ 5.04
150 Watts (16,000 Lumens) (Tariff Code 113)	\$ 5.92
200 Watts (22,000 Lumens) (Tariff Code 097)	\$ 7.51
400 Watts (50,000 Lumens) (Tariff Code 098)	\$ 12.00

Mercury Vapor per Lamp:

175 Watts (7,000 Lumens) (Tariff Code 093)	\$ 5.04
400 Watts (20,000 Lumens) (Tariff Code 095)	\$ 8.24

POST-TOP LIGHTING SERVICE

High Pressure Sodium per Lamp:

100 Watts (9,500 Lumens) (Tariff Code 111)	\$ 8.81
150 Watts (16,000 Lumens) (Tariff Code 112)	\$ 14.43

Mercury Vapor per Lamp:

175 Watts (7,000 Lumens) (Tariff Code 099)	\$ 5.92
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FLOOD LIGHTING SERVICE

High Pressure Sodium per Lamp:

200 Watts (22,000 Lumens) (Tariff Code 107)	\$ 8.79
400 Watts (50,000 Lumens) (Tariff Code 109)	\$ 11.86

Metal Halide

250 Watts (20,500 Lumens) (Tariff Code 110)	\$ 13.92
400 Watts (36,000 Lumens) (Tariff Code 116)	\$ 18.10
1,000 Watts (110,000 Lumens) (Tariff Code 131)	\$ 38.66

TARIFF S.L.  
STREET LIGHTING

Rate per Lamp (Tariff Code 528):

Overhead Service on Existing Distribution Poles

High Pressure Sodium

100 Watts (9,500 Lumens)	\$ 4.38
150 Watts (16,000 Lumens)	\$ 4.84
200 Watts (22,000 Lumens)	\$ 5.55
400 Watts (50,000 Lumens)	\$ 7.47

Service on New Wood Distribution Poles

High Pressure Sodium

100 Watts (9,500 Lumens)	\$ 7.01
150 Watts (16,000 Lumens)	\$ 7.59
200 Watts (22,000 Lumens)	\$ 8.79
400 Watts (50,000 Lumens)	\$ 10.72

Service on New Metal or Concrete Poles

High Pressure Sodium

100 Watts (9,500 Lumens)	\$ 14.45
150 Watts (16,000 Lumens)	\$ 14.94
200 Watts (22,000 Lumens)	\$ 18.82
400 Watts (50,000 Lumens)	\$ 19.27